R-06-05

10/13/06

RCA Commissioners,
Today I received the following notice from the Interstate Renewable Energy Council's State & Stakeholder e-newsletter.

"The Regulatory Commission of Alaska (RCA) has invited public comment regarding the interconnection and net-metering standards contained in Sections 1254 and 1251 of the federal Energy Policy Act of 2005 (EPAct 2005). The commission noted that it is especially interested in how other states' public utility commissions have approached these issues. After reviewing comments submitted in this docket (R-06-5), the commission will determine the scope of inquiry and consider whether to open an additional docket or dockets for the purpose of adopting one or more specific standards. The deadline for initial comments is October 13, 2006, and reply comments must be submitted on or before November 27, 2006.

Alaska is one of only 10 U.S. states without any form of net metering. In addition, Alaska does not have statewide, uniform interconnection standards for distributed generation"

I checked your website for news about this and found nothing in the Headlines, Electric Information or Public Notices. I have also not seen anything published in the Anchorage Daily News, or the Peninsula Clarion.

So I called the RCA Anchorage office. They were able to guide me to the docket number and helped me see the notice. The documentation regarding the EPAct 2005 changes is also not available. Can this be published on the web-site?

I noticed that the comment period closes today - although by looking up the docket number I found that A.P.A. has filed for a ten (10) day extension of the deadline for comments. I support the extension, and hope that the time will include more widely published notices to invite public comments.
Thanks
Pete

Net Metering

What is net metering?
"Net-metering" is a simplified method of metering the energy consumed and produced at a home or business that has its own renewable energy generator, such as a wind turbine. Under net metering, excess electricity produced by the wind turbine will spin the existing home or business electricity meter backwards, effectively banking the electricity until it is needed by the customer. This provides the customer with full retail value for all the electricity produced.

Under existing federal law (PURPA, Section 210) utility customers can use the electricity they generate with a wind turbine to supply their own lights and appliances, offsetting electricity they would otherwise have to purchase from the utility at the retail price. But if the customer produces any excess electricity (beyond what is needed to meet the customer's own needs) and net metering is not allowed, the utility purchases that excess electricity at the wholesale or 'avoided cost' price, which is much lower than the retail price. The excess energy is metered using an additional meter that must be installed at the customer's expense. Net metering simplifies this arrangement by allowing the customer to use any excess electricity to offset electricity used at other times during the billing period. In other words, the customer is billed only for the net energy consumed during the billing period.

Why is net metering important?
There are three reasons net metering is important. First, because wind energy is an intermittent resource, customers may not be using power as it is being generated, and net metering allows them to receive full value for the electricity they produce without installing expensive battery storage systems. This is important because it directly affects the economics and pay back period for the investment. Second, net-metering reduces the installation costs for the customer by eliminating the need for a second energy meter. Third, net metering provides a simple, inexpensive, and an easily-administered mechanism for encouraging the use of small-scale wind energy systems, which provide important local, national, and global benefits to the environment and the economy.

What are the benefits and costs of net metering?
Net metering provides a variety of benefits for both utilities and consumers. Utilities benefit by avoiding the administrative and accounting costs of metering and purchasing the small amounts of excess electricity produced by small-scale wind energy facilities. Consumers benefit by getting greater value for some of the electricity they generate and by being able to interconnect with the utility using their existing meter.

The only cost associated with net metering is indirect: the customer is buying less electricity from the utility, which means the utility is collecting less revenue from the customer. That's because any excess electricity that would have been sold to the utility at the wholesale or 'avoided cost' price is instead being used to offset electricity the customer would have purchased at the retail price. In most cases, the revenue loss is comparable to having the customer reducing electricity use by investing in energy efficiency measures, such as compact fluorescent lighting, efficient heating and cooling equipment, or other highly-efficient appliances.

The bill savings for the customer (and corresponding revenue loss to the utility) will depend on a variety of factors, particularly the amount of excess electricity produced. In most circumstances, however, the difference will be between $10-40 a month for a 10-kilowatt residential wind energy system.

Moreover, any utility revenue losses associated with net metering are at least partially offset by administrative and accounting savings, which are not included in the above figures. These savings can exceed $25 a month because, absent net metering, utilities have to separately process the accounts of customers with wind turbines and issue the monthly checks. In practice, these checks can be for as little as five cents.

Can I really use my existing meter to take advantage of net metering?
The standard kilowatt-hour meter used for most residential and small commercial customers accurately registers the flow of electricity in either direction. This means the 'netting' process associated with net metering happens automatically — the meter spins forward (in the normal direction) when the customer needs more electricity than is being produced, and spins backward when the customer is producing more electricity than is needed in the home or building. The meter registers the net amount of energy produced or consumed during the billing period.

What is the current status of net metering?
Currently, 30 states require at least some utilities to offer net metering for small wind systems, although the requirements vary from state to state. Most state net metering rules were enacted by state utility regulators, and these rules apply only to utilities whose rates and services are regulated at the state level. In recent years many states have enacted net metering laws legislatively, including California, Connecticut, Delaware, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, Ohio, Oregon, Vermont, Virginia, and Washington. In most of the states with net metering statutes, all utilities are required to offer net metering for some wind systems, although many states limit eligibility to small systems.

RCA Commissioners
Docket R-06-5

It is clear that Alaska is lagging other states in adopting statewide uniform interconnection standards for distributed generation. Alaska has a clear Federal mandate to increase and encourage alternative sources of electrical generation. I think those progressive states who have promoted alternative energy production and interconnection with incentives and rebates have found an economic net benefit.

I am an individual who has found the current lack of standards to be burdensome. I have a small wind turbine and solar system (total generation < 2000 Watts) that I would like to connect to the grid. My electric utility is Homer Electric Association. Regulations and standards should be in place to permit me to install an approved Utility-Interconnect inverter (meets UL-1741 Anti-Islanding standards) to sell surplus energy back to the utility when my battery system is charged. Net metering would provide a way for me to utilize the energy that I would instead have to dump. I would still be a net consumer of energy purchased from Homer Electric. This should be facilitated and encouraged by State regulations.
I consider the following burdensome and items that should be eliminated by a State wide interconnect standard.

1. Requiring a second meter (and monthly charge) for "sell" electricity.
2. Paying small distributed generators wholesale for energy placed on the grid.
3. Requiring homeowner insurance policy addendums

These are common obstacles to interconnection and do not encourage distributed generation with green sources of power. The adoption of the Energy Policy Act will protect the interest of utility connected consumers (like me) who seeks to reduce their use of utility purchased power. This is safely done in thousands of communities in the US.

The Regulatory Commission of Alaska has the following quote on the Home Page.

> "To protect consumer interests and promote economic development ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure supports Alaska's needs"

I hope the Commissioners will protect consumer interest in this matter.

I also hope that the Public Utility Commissions of several States have provided their experience in dealing with this matter. I look forward to reviewing the documents submitted by these Utilities. I would hope that their experience would encourage the RCA to move forward with adopting net metering provisions of the Energy Policy Act of 2005.

Thanks for considering my opinions.

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Pete E McKay

I got a note (e-mail) from Natasha who notified me that I needed to submit hard copies + 10 copies. Enclosed please find the documents. Please excuse their tardy arrival. I hope you will still consider my opinion

Thanks

Pete